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Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Interim Final Rule amending Regulation Z (Truth in Lending - Section 129E(i))

Docket No. R-1394 and RIN No. AD-7100-56

I urge the Fed to reconsider the proposed Interim Final Rule (IFR) for Dodd-Frank (H.R. 4173) concerning Customary and Reasonable Fees for real estate appraisers.

While I believe the Fed's intent is correct in letting the 'market' establish fees, the 'market' was extremely distorted by FNMA & FMAC's imposition of the HVCC in May 2009. I believe the intent of Dodd-Frank was to correct this by returning fees to the levels prior to HVCC, where a few large AMC's (appraisal management companies) did not control 70+% of the market.

In what kind of free market would one set of participants (thousands of small independent real estate appraisers) suddenly, willingly and independently all agree to immediately reduce their fees for the same service that 2 years ago was \$350-400, to one that was now worth \$175-\$225?

And to reduce their fees 40-50% just because they are now paid by an AMC (appraisal management company) rather than by a local homeowner, lender or broker? Especially when the amount of work required for an AMC order is frequently more (and often of questionable value to lenders or consumers); and, when that fee level is causing many to leave the profession?

This seems to have been the argument from Banks, Lenders, and AMC's in suggesting that the Fed was correct in essentially gutting the intent of the Dodd-Frank (H.R. 4173) "Customary and Reasonable" fee requirement in their Interim Final Rule (IFR) amending Regulation Z (Truth in Lending - Section 129E(i)). The original requirement had specifically excluded assignments from "known appraisal management companies" in determining what are customary and reasonable fees.

The Fed created a 2nd "Presumption of Compliance" that essentially says "just keep paying what you are currently paying". That 2nd, new 'Presumption' implies there's no problem in the market - just keep paying what was recently paid in the market, and you're in compliance.

Why was the language originally put into Dodd Frank if there was not a problem that Congress wanted corrected? (I believe it was obviously put in to correct the market distortion caused by the HVCC mandated by FNMA and FMAC in May, 2009).

After HVCC in 2009, the 'market' was no longer a normal one with lots of suppliers and purchasers competing fairly – rather it was transformed into an oligopsony with a few major national players able to control 70+% of the business, and extract exorbitant fee reductions from thousands of small independent real estate appraisers with no other 'market' for their services. AMCs were around prior to that, but did not have that kind of control over fees in the market. ***If the new 2nd method of compliance included AMC fees in the market BEFORE HVCC, that would be fine – but after the HVCC gave the AMCs an oligopsony 18 months ago, the AMCs aggressively cut the fees they offered appraisers, forcing desperate ruinous competition, and forcing many to leave the field.***

I doubt anyone could find an appraiser today that would say the 'services' provided by AMCs are worth the 40%-50% cut that AMCs are now taking from what had previously been their fees.

Rather, I believe appraisers would generally agree they want the right they had just a couple years ago to compete freely, with multiple local providers, on a level playing field - not one that was radically changed to favor a few large national (and sometimes lender-controlled) players that have an oligopsony that gives them immense control over fees.

Absent that, some kind of 'floor' for fees is the best solution for consumers - so appraisers can compete on the quality, service, and expertise they can deliver - rather than compete desperately in ruinous competition by doing quick, sloppy work in order to survive. And that 'floor' is what was originally proposed by the legislation in the requirement to pay "Customary and Reasonable" fees to appraisers.

Sincerely Yours,



Matthew D. Boxberger